

BILL # HB 2203

SPONSOR: Barto

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TITLE: TANF; sanctions

STATUS: As Amended by House HHS

FISCAL ANALYSIS

Description

This bill would increase the sanctions on Temporary Assistance for Needy Families (TANF) Cash Benefits recipients who fail to comply with certain conditions associated with the Cash Benefits program. The bill would suspend the recipient's cash assistance grant for 1 month on the first offense, suspend the grant for 3 months on the second offense, and would terminate the grant 6 months on the third offense. The bill would also require the Department of Economic Security (DES) to maintain a database to track recipients that are sanctioned.

Estimated Impact

The bill may result in new General Fund savings of up to \$1.8 million per year. Because the behavioral response cannot be determined in advance, this estimate assumes that the stricter sanctions would not result in fewer penalties committed. Harsher sanctions may encourage more recipients to comply with the requirements, resulting in fewer overall sanctions. This would result in lower overall savings.

DES also assumes that harsher sanctions would result in fewer penalties, but did not have an estimate of the level of reduced penalties.

Analysis

TANF Cash Benefits recipients are required to comply with requirements related to child support, work activities, school enrollment and attendance, and immunization. Under current policy, the penalty for the first instance of noncompliance is a 25% reduction in the recipient's Cash Benefits grant for 1 month. The penalty for the second instance is a 50% reduction in the grant for 1 month, and the penalty for the third instance is to terminate the grant for at least 1 month or until the household complies with the requirements. According to DES, the average length of the third sanction under current policy is approximately 3 months.

This bill would make the sanctions stricter by increasing the length of some of the sanctions and by suspending the recipient's Cash Benefits grant for the associated period of time rather than reducing it by 25% or 50% as under current requirements.

In FY 2008, the average monthly caseload for the TANF Cash Benefits program was 37,381 households. There were a total of 4,610 sanctions issued in 3,429 TANF Cash Benefits cases. DES estimates that current policy associated with sanctions for TANF recipients resulted in savings of approximately \$1.4 million in FY 2008. Savings achieved by increasing sanctions may be reduced by a decrease in the overall number of sanctions, as stricter sanctions may encourage recipients to comply more readily with the requirements of receiving the grants. The actual amount of this deterrence cannot be determined in advance.

The bill also requires DES to track recipients who are deemed to be noncompliant and who are sanctioned. There would be no additional cost associated with this provision of the bill as DES already maintains this information.

Local Government Impact

None

3/6/09